



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION  
LOS ANGELES, CALIFORNIA 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

May 13, 2008

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF HEALTH SERVICES: APPROVAL OF AMENDMENT NO. 2  
TO FOUR MEDICAL LABORATORY SERVICES AGREEMENTS  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

To request Board approval for the Director of Health Services to sign Amendment No. 2 to the Medical Laboratory Services Agreements with Focus Diagnostics, Inc., PathNet Esoteric Laboratory Institute, Quest Diagnostics, Inc. and USC Clinical Laboratories, at an estimated cost of \$6,130,500, to extend the terms for up to 12 months, on a month-to-month basis, effective July 1, 2008 through June 30, 2009, for the continued provision of overflow and specialty laboratory testing and reporting of client specimens to the Department of Health Services, Department of Public Health, and Department of Coroner.

**IT IS RECOMMENDED THAT YOUR BOARD:**

Approve and instruct the Director of Health Services (Director) or his designee, to sign Amendment No. 2 to the Medical Laboratory Services Agreements with Focus Diagnostics, Inc. (Focus), Agreement No. H-212917, PathNet Esoteric Laboratory Institute (PathNet), Agreement No. H-212918, Quest Diagnostics, Inc. (Quest), Agreement No. H-212919, and USC Clinical Laboratories (USC), Agreement No. H-212921, to extend the terms for up to 12 months, on a month-to-month basis, effective July 1, 2008 through June 30, 2009, at an estimated cost of \$6,130,500.

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the recommended Amendment No. 2, substantially similar to Exhibit I, will allow the Department of Health Services (DHS) to amend the Medical Laboratory Services Agreements with Focus, PathNet, Quest, and USC to extend the term through June 30, 2009, to allow DHS to complete a solicitation process for these services and obtain Board approval of successor Contracts.

These contracted medical laboratory services provide laboratory testing as needed for patients receiving services at County medical facilities, and Department of Public Health (DPH). In addition, the Department of Coroner (DOC) requires these services.

Approximately 20,000 specimens are referred to medical laboratory services contractors each month, as the departments have neither the staff nor the equipment to provide all required medical laboratory services. County facilities depend on these contractors to perform both overflow and specialty laboratory testing and reporting of client specimens.

### **FISCAL IMPACT/FINANCING**

The total estimated cost for services is \$6,130,500 which is comprised of DHS costs of \$6,061,000, DPH costs of \$2,000, 100 percent offset by State of California Department of Health Services Viral Load Testing Program grant funds, and DOC costs of \$67,500 for a potential overall net County cost of \$6,128,500 for the period of July 1, 2008 through June 30, 2009.

Funding for this action is included in each department's Fiscal Year (FY) 2008-09 Proposed Budget.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On October 18, 2001, the Board approved five medical laboratory services agreements, with Focus, PathNet, Quest, USC, and Specialty Laboratories to perform laboratory services for the period of July 1, 2001 through June 30, 2006, in the amount of \$3.2 million per FY.

On May 28, 2002, the Board approved termination of the medical laboratory services agreement with Specialty Laboratories.

On November 1, 2005, the Board approved Amendment No. 1 to the agreements with Focus, PathNet, Quest, and USC, to extend the term for two years, and add new Board-mandated provisions, effective through June 30, 2008, at an estimated net County cost of \$4.6 million per fiscal year.

Honorable Board of Supervisors  
May 13, 2008  
Page 3

The Board has delegated authority to the Director, or his designee, to enter into subsequent amendments to add medical laboratory tests to the scope of each Agreement, as may be required, upon review and approval by County Counsel.

Exhibit I has been reviewed and approved as to form by County Counsel.

### **CONTRACTING PROCESS**

DHS is preparing a Request for Proposals for reference medical laboratory services, and anticipates its release by July 2008.

It is not appropriate to advertise amendments to agreements on the Doing Business with us Web Site as a business opportunity.

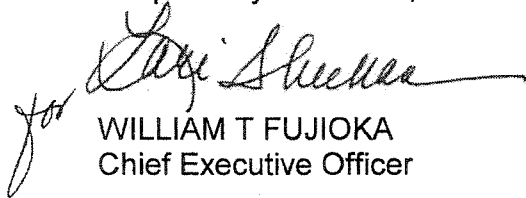
### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommended action will ensure the continued provision of vital medical laboratory services to DHS, DPH, and DOC.

### **CONCLUSION**

When approved, DHS, DPH, and DOC each require three signed copies of the Board's action.

Respectfully submitted,

  
WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:SRH:SAS  
MLM:AT:yb

Attachment

c: County Counsel  
Director and Chief Medical Examiner Department of Coroner  
Director and Chief Medical Officer, Department of Health Services  
Director and Health Officer, Department of Public Health

Contract No. \_\_\_\_\_

**MEDICAL LABORATORY SERVICES AGREEMENT  
AMENDMENT NO. 2**

THIS AMENDMENT is made and entered into this \_\_\_\_\_ day  
of \_\_\_\_\_, 2008,

by and between COUNTY OF LOS ANGELES (hereafter  
"County").

and \_\_\_\_\_  
(hereafter "Contractor").

WHEREAS, reference is made to that certain document entitled "MEDICAL  
LABORATORY SERVICES AGREEMENT", dated \_\_\_\_\_, and further  
identified as County Agreement No. H-\_\_\_\_\_, and any amendments thereto  
(all hereafter referred to as "Agreement"); and

WHEREAS, each medical facility listed in the Agreement shall retain professional  
and administrative responsibility for the services provided to its facility under this  
Agreement; and

WHEREAS, Agreement provides that changes may be made in the form of a  
written amendment which is formally approved and executed by both parties.

NOW THEREFORE, the parties hereby agree as follows:

1. This Amendment shall become effective July 1, 2008.
2. Paragraph 1, TERM, first paragraph, is revised to read as follows:
  - "1. TERM: The term of this Agreement shall commence on July 1,  
2001, through June 30, 2008. Thereafter, it shall be renewed on a month-to-  
month basis, for a maximum of twelve (12) months, to June 30, 2009. During the  
twelve (12) month, month-to-month extension period, either party may terminate  
this Agreement by providing written notice to the other party at least ten (10)

days prior to the inception of each monthly term. This termination right shall be in addition to the termination and cancellation provisions otherwise set forth in this Agreement.”

3. Paragraph 13, ASSIGNMENT AND DELEGATION, shall be replaced in its entirety as follows:

“13. PROHIBITION AGAINST ASSIGNMENT AND DELEGATION:

A. The Contractor shall not assign its rights or delegate its duties under this Contract, or both, whether in whole or in part, without the prior written consent of County, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this sub-paragraph, County consent shall require a written amendment to the Contract, which is formally approved and executed by the parties. Any payments by the County to any approved delegate or assignee on any claim under this Contract shall be deductible, at County’s sole discretion, against the claims, which the Contractor may have against the County.

B. Shareholders, partners, members, or other equity holders of Contractor may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, or divestment is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of the Contract, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Contract.

C. Any assumption, assignment, delegation, or takeover of any of the Contractor’s duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County’s express prior written approval, shall be a material breach

of the Contract which may result in the termination of this Contract. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.”

4. Additional Provisions, Paragraph 19, CONSIDERATION OF COUNTY'S DEPARTMENT OF SOCIAL SERVICES ("DPSS") GREATER AVENUES FOR INDEPENDENCE ("GAIN") PROGRAM PARTICIPANTS FOR EMPLOYMENT, shall be replaced in its entirety as follows:

“19. CONSIDERATION OF HIRING GAIN/GROW PROGRAM PARTICIPANTS:

A. Should the Contractor require additional or replacement personnel after the effective date of this Contract, the Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Contractor will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the Contractor.

B. In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.”

5. Agreement Additional Provisions Paragraph 33, COMPLAINTS, shall be added as follows:

“33. COMPLAINTS: The Contractor shall develop, maintain and operate procedures for receiving, investigating and responding to complaints.

A. Within \_\_\_\_\_ business days after Contract effective date, the Contractor shall provide the County with the Contractor's policy for receiving, investigating and responding to user complaints.

B. The County will review the Contractor's policy and provide the Contractor with approval of said plan or with requested changes.

C. If the County requests changes in the Contractor's policy, the Contractor shall make such changes and resubmit the plan within five (5) business days for County approval.

D. If, at any time, the Contractor wishes to change the Contractor's policy, the Contractor shall submit proposed changes to the County for approval before implementation.

E. The Contractor shall preliminarily investigate all complaints and notify the County's Project Manager of the status of the investigation within five (5) business days of receiving the complaint.

F. When complaints cannot be resolved informally, a system of follow-through shall be instituted which adheres to formal plans for specific actions and strict time deadlines.

G. Copies of all written responses shall be sent to the County's Project Manager within three (3) business days of mailing to the complainant."

6. Agreement Additional Provisions Paragraph 34, CONTRACTORS PERFORMANCE DURING CIVIL UNREST AND DISASTER, shall be added as follows:

"33. CONTRACTOR PERFORMANCE DURING CIVIL UNREST OR DISASTER: Contractor recognizes that health care facilities maintained by County provide care essential to the residents of the communities they serve, and that these services are of particular importance at the time of a riot, insurrection, civil unrest, natural disaster or similar event. Notwithstanding any other provision of this Agreement, full performance by Contractor during any riot, insurrection, civil unrest, natural disaster or similar event is not excused if such performance remains physically possible, as determined by County. Failure to comply with this requirement shall be considered a material breach of this Agreement by Contractor for which County may immediately terminate this Agreement."

7. Agreement Additional Provisions Paragraph 35, SOLICITATION OF BIDS OR PROPOSALS, shall be added as follows:

"35. SOLICITATION OF BIDS OR PROPOSALS: Contractor acknowledges that County, prior to expiration or earlier termination of this Agreement, may exercise its right to invite bids or request proposals for the continued provision of the services delivered or contemplated under this Agreement. County and its DHS shall make the determination to solicit bids or request proposals in accordance with applicable County and DHS policies.

Contractor acknowledges that County may enter into a contract for the future provision of services, based upon the bids or proposals received, with a provider or providers other than Contractor. Further, Contractor acknowledges that it obtains no greater right to be selected through any future invitation for bids or request for proposals by virtue of its present status as Contractor."

8. Agreement Additional Provisions Paragraph 36, DISCLOSURE OF INFORMATION, shall be added as follows:

"36. DISCLOSURE OF INFORMATION: Contractor shall not disclose any details in connection with this Agreement to any other person or entity, except as may be otherwise provided herein or required by law. However, in recognition of Contractor's need to identify its services and related clients to sustain itself, County shall not inhibit Contractor from publicizing its role under this Agreement subject to the following conditions: (1) Contractor shall develop and publicize material in a professional manner, and (2) during the term of this Agreement, Contractor, its employees, agents, and subcontractors, shall not publish or disseminate commercial advertisements, press releases, opinions, or feature articles, using the name of County without the prior written consent of Director."

9. Agreement Additional Provisions Paragraph 37, AUTHORIZATION WARRANTY, shall be added as follows:

"37. AUTHORIZATION WARRANTY: Contractor hereby represents and warrants that the person executing this Agreement for Contractor is an authorized agent who has actual authority to bind Contractor to each and every term, condition, and obligation set forth in this Agreement and that all requirements of Contractor have been fulfilled to provide such actual authority."



10. Agreement Additional Provisions Paragraph 38, ASSURANCE OF COMPLIANCE WITH CIVIL RIGHTS LAWS, shall be added as follows:

“38. ASSURANCE OF COMPLIANCE WITH CIVIL RIGHTS LAWS:

Contractor hereby assures that it will comply with Subchapter VI of the Civil Rights Act of 1964, 42 United States Code sections 2000e through 2000e (17), to the end that no person shall, on grounds of religion, race, color, sex or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Agreement or under any project, program, or activity supported by this Agreement.”

11. Agreement Additional Provisions Paragraph 39, LOCAL SMALL BUSINESS ENTERPRISE (SBE) PREFERENCE PROGRAM, shall be added as follows:

“39. LOCAL SMALL BUSINESS ENTERPRISE (SBE) PREFERENCE PROGRAM

A. This Contract is subject to the provisions of the County's ordinance entitled Local Small Business Enterprise Preference Program, as codified in Chapter 2.204 of the Los Angeles County Code.

B. The Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a Local Small Business Enterprise.

C. The Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Local Small Business Enterprise.

D. If the Contractor has obtained certification as a Local Small Business Enterprise by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which

by reason of such certification has been awarded this contract to which it would not otherwise have been entitled, shall:

1. Pay to the County any difference between the contract amount and what the County's costs would have been if the contract had been properly awarded;
2. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than 10 percent of the amount of the contract; and
3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

The above penalties shall also apply to any business that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the state and OAAC of this information prior to responding to a solicitation or accepting a contract award."

12. Agreement Additional Provisions Paragraph 40, CHARITABLE ACTIVITIES COMPLIANCE, shall be added as follows:

"40. CONTRACTOR'S CHARITABLE ACTIVITIES COMPLIANCE: The Supervision of Trustees and Fundraisers for Charitable Purposes Act regulates entities receiving or raising charitable contributions. The "Nonprofit Integrity Act of 2004" (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. By requiring Contractors to complete the Charitable Contributions Certification, Exhibit B, the County seeks to ensure that all County contractors which receive or raise charitable contributions comply with California law in order to protect the County and its taxpayers. A Contractor which receives or raises charitable contributions without complying with its obligations under California law commits a material breach subjecting it to either contract termination or debarment proceedings or both. (County Code Chapter 2.202)"

13. Agreement Additional Provisions Paragraph 41, TRANSITIONAL JOB OPPORTUNITIES PREFERENCE PROGRAM, shall be added as follows:

"41. TRANSITIONAL JOB OPPORTUNITIES PREFERENCE

PROGRAM:

A. This Contract is subject to the provisions of the County's ordinance entitles Transitional Job Opportunities Preference Program, as codified in Chapter 2.205 of the Los Angeles County Code.

B. Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a Transitional Job Opportunity vendor.

C. Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Transitional Job Opportunity vendor.

D. If Contractor has obtained County certification as a Transitional Job Opportunity vendor by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this contract to which it would not otherwise have been entitled, shall:

1. Pay to the County any difference between the contract amount and what the County's costs would have been if the contract had been properly awarded;

2. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than 10 percent (10%) of the amount of the contract; and

3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

The above penalties shall also apply to any entity that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the certifying department of this information prior to responding to a solicitation or accepting a contract award.”

14. Agreement Additional Provisions Paragraph 42, NOTICE OF DELAYS, shall be added as follows:

“42. NOTICE OF DELAYS: Except as otherwise provided under this Agreement, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Agreement, that party shall within two (2) calendar days, give notice thereof, including all relevant information with respect thereto, to the other party.”

15. Agreement Additional Provisions Paragraph 43, NOTICE OF DISPUTES, shall be added as follows:

“43. NOTICE OF DISPUTES: The Contractor shall bring to the attention of the County’s Project Manager and/or County’s Project Director any dispute between the County and the Contractor regarding the performance of services as stated in this Contract. If the County’s Project Manager or County’s Project Director is not able to resolve the dispute, the Director, or designee shall resolve it.”

16. Except for the changes set forth hereinabove, the wording of Agreement shall not be changed in any respect by this Amendment.

/

/

/

/

/

/

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Director of Health Services and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Bruce A. Chernof, M.D.  
Director and Chief Medical Officer

\_\_\_\_\_  
Contractor

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM  
BY THE OFFICE OF THE COUNTY COUNSEL  
RAYMOND G. FORTNER, JR.  
County Counsel

APPROVED AS TO CONTRACT  
ADMINISTRATION:

Department of Health Services

By \_\_\_\_\_  
Cara O'Neill, Chief  
Contracts and Grants Division

AMENDCD4431.JCA  
4/1/08